



Public Service Commission of Wisconsin

Daniel R. Ebert, Chairperson
Mark Meyer, Commissioner
Lauren Azar, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

November 14, 2007

TO: Telecommunications Providers Assessed for the Wisconsin Universal Service Fund

RE: Recovery of Universal Service Fund Contributions

Amendments in the recently passed state budget bill (2007 Act 20) have made changes in how providers may recover Universal Service Fund (USF) assessments. Changes that have occurred are listed below. These new statutory provisions became effective when the budget was signed, so providers should take any necessary steps to modify customer bills as soon as possible.

Wis. Stat. § 196.218(3)(f) continues to allow providers to recover USF assessments through their local exchange service rates. In the past, providers that had raised their local rates to recover USF assessments were required to identify how much of their local rate was for recovery of *certain portions* of the total USF assessment.¹ However, such providers are now required to identify how much of their local rate is for recovery of *the total* USF assessment (including all of the PSC USF programs). If a telecommunications provider has not adjusted local rates to recover its USF assessments, then this provision does not apply.

Additionally, Wis. Stat. § 196.218(3)(e) has been amended to allow a provider to establish a surcharge on customers' bills to recover all or part of a provider's USF assessments. If a provider has not adjusted rates to collect this amount in the past, and chooses to establish a surcharge now, it is a simple matter of adding a new, clearly identified line item on bills. However, if a provider wishes to use a surcharge for this cost recovery, but it has adjusted rates to recover these amounts in the past, then those rates should be reduced by the amount of the surcharge, and the surcharge should be added as a clearly identified line item on the bill. If a provider establishes a surcharge without making a corresponding decrease in those rates, it is an increase in rates that is subject to whatever rate increase provisions apply to that provider.²

Providers that establish a surcharge should be prepared to document the basis for the surcharge amount. The Commission agrees that a reasonable way, for a provider to calculate its surcharge is to divide its total yearly USF assessment amount by the number of its access lines, and then to divide by 12, or by a smaller number if recovery for a full year will be done over less than 12 months. True-ups can be done when USF assessment rates are revised.

¹ TEACH, UW-System, DPI BadgerLink, Telemedicine grants, and DPI Newslite for the Blind.

² These could include, for example, Wis. Admin. Code ch. ATCP 123 concerning notice to customers, Wis. Stat. §§ 196.213/196.215, etc.

As a reminder, providers that are required to file tariffs will have to revise those tariffs and to provide staff with documentation to support the revised USF recovery. If you have questions on this matter, please contact Gary A. Evenson, Administrator of the Telecommunications Division, at Gary.Evenson@psc.state.wi.us.

Sincerely,

A handwritten signature in cursive script, reading "Anita Sprenger".

Anita Sprenger
Universal Service Fund Manager

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